

Service Date: December 6, 1982

DEPARTMENT OF PUBLIC SERVICE REGULATION  
BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MONTANA

IN THE MATTER Of The Application	)	
Of THE MONTANA POWER COMPANY For	)	
Authority To Issue And Sell Not	)	UTILITY DIVISION
To Exceed \$500,000 Shares Of No	)	DOCKET NO. 82.7.46
Par Value Common Stock To Imple-	)	ORDER NO. 4922b
ment its Key Employees' Incentive	)	
Stock Ownership Plan.	)	

On July 1, 1982, The Montana Power Company (Company) filed with the Public Service Commission a verified application, pursuant to Sections 69-3-501 through 69-3-507 of the Montana Code Annotated (MCA), seeking an order authorizing the issuance and ultimate sale of not to exceed 500,000 shares of no par value Common Stock (Stock). The Stock to be issued will be sold to employees of the Company who have been granted options on such shares by the Board of Directors of the Company pursuant to the Company's Key Employees' Incentive Stock Ownership Plan (Plan) described in the application.

The application is supported by exhibits and data in accordance with the Commission practice and rules and regulations governing the authorization of issuance of securities by public utilities subject to its jurisdiction.

The application states that the Company is a public utility, as defined in MCA Section 69-3-101, in that it furnishes electric and natural gas service in the State of Montana; that Company's principal executive office is at 40 East Broadway, Butte, Montana; and that the Company is duly qualified to do business in the states of Montana, Wyoming and Idaho. For detailed information with respect to the general character of the Company's business and the territory served by it, reference is made to the application and exhibits.

The application states with respect to the Plan that:

(1) Options will be granted during a ten-year period following approval of the Plan by the shareholders of the Company. The option price would be the closing price of the Company's common stock, based on consolidated trading, on the date of the grant, or upon the next preceding day on which there was consolidated trading, if there was no consolidated trading on the date of the grant. The employee receiving the option must agree to continue as an

employee for at least twenty-four (24) months at the Company's discretion, The options cannot be exercised earlier than two (2) years or later than ten (10) years from the date of the grant. The Plan is described in detail in the application filed in this Docket.

(2) Options have been granted to 762 employees for a total of 167,175 shares (subject to approval of the Commission in this Docket). The Company does not know and cannot predict when and to what extent these options may be exercised, or further options issued. Proceeds, if any, from exercise of the options will, together with other externally-generated funds and internally generated cash, be used for lawful corporate purposes recognized by MCA Section 69-3-501.

(3) Expenses in connection with the implementation of the Plan are estimated not to exceed \$14,575.

(4) The proposed issuance of Stock is: (a) consistent with the public interest; (b) consistent with the proper performance by the Company of service as a public utility in the State of Montana and permitted by MCA Section 69-3-501; and (c) will not result in securities outstanding, in the aggregate, which exceed the fair value of the properties and business of the Company.

The application includes an opinion of counsel regarding the legality of the proposed issued, the other regulatory authorizations required, and the propriety of the proposed issues.

Notice of the filing of the application has been given by inclusion of notice of the filing on the application in the Commission Agenda for July 6, 1982.

Having fully considered the application and all the data and records pertaining thereto on file with the Commission and being fully advised in the premises, the Commission makes the following:

#### FINDINGS OF FACT

1. That The Montana Power Company (Applicant) is a corporation organized and existing under and by virtue of the laws of the State of Montana.

2. That Applicant is operating as a public utility, as de-fined in MCA Section 69-3-101, and, as such, is engaged in furnishing electric and natural gas utility service in the State of Montana.

3. That the Commission has jurisdiction over the subject matter of the application under MCA Sections 69-3-501 through 69-3-507, inclusive.

4. That the issuance and sale of not to exceed 500,000 shares of no par value Common Stock proposed herein by Applicant, as hereinafter authorized, for the purpose of implementing the Key Employees' Incentive Stock Ownership Plan, as described in the application, will be for a lawful purpose and are consistent with the public interest; that such issuance and sale is appropriate for and consistent with the proper performance by Applicant of service as a public utility; and that the aggregate amount of the securities outstanding, including the Common Stock subject to this proceeding, will not exceed the fair value of the properties and business of Applicant.

5. That notice of the filing of the application has been duly given; that opportunity to be heard with respect to the application has been duly afforded; that due consideration has been given to the matters presented and filed in connection therewith; and that the application should be approved as hereinafter ordered.

#### CONCLUSION OF LAW

That the application herein complies with MCA Sections 69-3-501 through 69-3-507, inclusive, and other laws of Montana as aforesaid 69-3-501.

3) Expenses in connection with the implementation of the Plan are estimated not to exceed \$14,575.

(4) The proposed issuance of Stock is: (a) consistent with the public interest; (b) consistent with the proper performance by the Company of service as a public utility in the State of Montana and permitted by MCA Section 69-3-501; and (c) will not result in securities outstanding, in the aggregate, which exceed the fair value of the properties and business of the Company.

The application includes an opinion of counsel regarding the legality of the proposed issued, the other regulatory authorizations required, and the propriety of the proposed issues.

Notice of the filing of the application has been given by inclusion of notice of the filing on the application in the Commission Agenda for July 6, 1982.

Having fully considered the application and all the data and records pertaining thereto on file with the Commission and being fully advised in the premises, the Commission makes the following:

### FINDINGS OF FACT

1. That The Montana Power Company (Applicant) is a corporation organized and existing under and by virtue of the laws of the State of Montana.
2. That Applicant is operating as a public utility, as defined in MCA Section 69-3-101, and, as such, is engaged in furnishing electric and natural gas utility service in the State of Montana.
3. That the Commission has jurisdiction over the subject matter of the application under MCA Sections 69-3-501 through 69-3-507, inclusive.
4. That the issuance and sale of not to exceed 500,000 shares of no par value Common Stock by Applicant, as hereinafter authorized, for the purpose of implementing the Key Employees' Incentive Stock Ownership Plan with respect to direct employees of the Montana Power Company will be for a lawful purpose and are consistent with the public interest; that such issuance and sale is appropriate for and consistent with the proper performance by Applicant of service as a public utility; and that the aggregate amount of the securities outstanding, including the Common Stock subject to this proceeding, will not exceed the fair value of the properties and business of Applicant.
5. That notice of the filing of the Application has been duly given; that opportunity to be heard with respect to the Application has been duly afforded; that due consideration has been given to the matters presented and filed in connection therewith; and that the application should be approved as hereinafter ordered.

### CONCLUSION OF LAW

That the application herein complies with MCA Sections 69-3-501 through 69-3-507, inclusive, and other laws of Montana as aforesaid and the same should be granted as hereinafter ordered.

ORDER

NOW, THEREFORE, at a session of the Public Service Commission of the State of Montana, held in its office at 1227 - 11th Avenue, Helena, Montana, on November 29, 1982, there regularly came before the Commission for final action the matters and things in this Docket. The Commission being fully advised in the premises makes and enters the following Orders:

IT IS ORDERED that the application of The Montana Power Company for an order authorizing the issuance and sale of not to exceed 500,000 shares of its no par value Common Stock, for the purpose of implementing the Key Employees' Incentive Stock Ownership Plan, as described in the application, is hereby approved and the issuance and sale of such stock be, and the same is, hereby authorized under the provisions of this Order pursuant to MCA Sections 69-3-501 through 69-3-507, inclusive.

IT IS FURTHER ORDERED that nothing in this Order shall be deemed to authorize the issuance and sale of the said Common Stock to any persons other than direct employees of The Montana Power Company.

IT IS FURTHER ORDERED that the foregoing authorization is without prejudice to the regulatory authority of this Commission with respect to rates, service, accounts, valuations, estimates or determinations of cost, or any other matter subject to its jurisdiction as provided by law.

IT IS FURTHER ORDERED that nothing in this Order or any act or deed done and performed in connection herewith shall be construed to obligate the State of Montana or pay or guarantee in any manner whatsoever any security authorized by this Order or. authorized, issued, assumed, or guaranteed under the provisions of MCA Section 69-3-501 through 69-3-507, inclusive.

Issuance of this Order does not imply acceptance of the application and exhibits and other material accompanying the application for any purpose other than in connection with this proceeding.

DONE IN OPEN SESSION at Helena, Montana this 29th day of November, 1982 by a 4 - 1 vote.

BY ORDER OF THE MONTANA PUBLIC SERVICE COMMISSION.

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Gordon E. Bollinger, Chairman

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John B. Driscoll, Commissioner

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Howard L. Ellis, Commissioner

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Clyde Jarvis, Commissioner

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Thomas J. Schneider, Commissioner

ATTEST:

Madeline L. Cottrill  
Commission Secretary

(Seal)

NOTE: You may be entitled to judicial review of the final decision in this matter. If no Motion For Reconsideration is filed, judicial review may be obtained by filing a petition for review within thirty (30) days from the service of this order. If a Motion For Reconsideration is filed, a Commission order is final for purpose of appeal upon the entry of a ruling on that motion, or upon the passage of ten (10) days following the filing of that motion. cf. the Montana Administrative Procedure Act, esp. Sec. 2-4-702, MCA; and Commission Rules of Practice and Procedure, esp 38.2.4806, ARM.